

Message Text

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41

ACTION NEA-12

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20 L-03 H-03 DRC-01

SS-20 NSC-07 /143 W

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R 190838Z MAR 74

FM AMEMBASSY ISLAMABAD

TO AMCONSUL KARACHI

INFO SECSTATE WASHDC 0000

LIMITED OFFICIAL USE ISLAMABAD 2655

E.O. 17652: N/A

TAGS: EIND, EFIN, PK

SUBJ: ESSO FERTILIZER COMPANY PROBLEMS

REF: KARACHI 0437

1. ECON/COMM COUNS. (EC) BROUGHT UP THE PROBLEMS OF ESSO FERTILIZER CO. DURING COURSE OF A ONE HOUR MEETING MARCH 18 WITH FEROZE QAISER, PRIMIN'S SPECIAL ASST. FOR ECONOMIC AFFAIRS; JOINT SEC. FOR INDUSTRIES, K.U. FARUQUI ALSO PRESENT.

2. EC SAID THAT ESSO IS PARTICULARLY CONCERNED WITH FAILURE OF GOP TO IMPLEMENT AS OF JAN. 1, 1974, THE AGREED-UPON AUTOMATIC ADJUSTMENT OF THE EX-FACTORY PRICE FOR UREA. EC TOLD QAISER HE HAD ALREADY DRAWN THIS MATTER TO THE ATTENTION OF MR. QURESHI, SEC-GEN FOR FINANCE AND ECONOMIC COORDINATION, WHO SPOKE OF THE POSSIBILITY THAT THE GOP WOULD ENVOKE FORCE MAJEUR CLAUSE IN AGREEMENT WITH ESSO TO OBIVATE PRICE INCREASES. AFTER SOME DISCUSSION, QAISER SOMEWHAT FRANKLY INTIMATED THAT IT WOULD BE DIFFICULT TO REVERSE THE DECISION OF THE SEC-GEN.

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HOWEVER, HE SAID HE WOULD INVESTIGATE AND ADVISE.

3. EC ALSO DREW TO QAISER'S ATTENTION FAILURE OF GOP TO MOVE FORWARD AS AGREED ON TO UNRESOLVED ISSUES, I.E., THE TAX LOSS CARRY FORWARD IN THE CONTEXT OF DEVALUATION, AND THE RECEIPT OF A 1971 DIVIDEND AFTER THE 1972 DEVALUATION OF THE RUPEE.

4. QAISER EXPRESSED SOME SURPRISE AT ESSO HAVING PROBLEMS IN AS MUCH AS HE UNDERSTOOD ESSO PROFITS VERY GOOD LAST YEAR. EC EXPLAINED THAT THIS WAS RESULT OF NORMAL PROFITS BEING SUPPLEMENTED BY DEVALUATION ADJUSTMENTS, INVOLVING ONE-SHOT TRANSACTION.

5. QAISER SAID HE WOULD LOOK INTO ESSO PROBLEMS AND ADVISE. DECON 6/30/74.
BYROADE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
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Copy: SINGLE
Draft Date: 19 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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30 JUN 2005

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